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IN THE

Supreme Court of the United States

OCTOBER TERM, 1934.

No. 254.

PARAMOUNT PUBLIX CORPORATION,
Petitioner,

vs.

AMERICAN TRI-ERGON CORPORATION,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT.

BRIEF FOR RESPONDENT IN OPPOSITION.

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OPINIONS BELOW.

The opinion of the District Court, appearing in Volume III of the Record, at page 1173, is reported in 4 Fed. Supp. 462. The opinion of the Circuit Court of Appeals, appearing in Volume III of the Record, at page 1225, is reported in 71 Fed. (2d) 153. The Petitioner has reprinted both opinions in a separate booklet for the convenience of the Court.

JURISDICTION.

The jurisdiction of this Court is invoked under §240(a) of the Judicial Code as amended by the Act of February 13, 1925 (43 Stat. 938; 28 U. S. C. 347).

QUESTION PRESENTED.

This is an ordinary patent suit involving no unusual features, no conflict of decision between Circuit Courts of Appeals, no new or unusual questions of law. Infringement is not contested here.

The sole question presented is whether the patent is valid. The petitioner contends that the patent is invalid for want of invention, for improper disclaimer, for unlawful expansion of claims, and for forfeiture under R. S., §4887, by reason of an earlier French patent issued to the same inventors.

Respondent disputes all of these contentions. Each of them was argued before the Circuit Court of Appeals and resolved in favor of the respondent.

SUMMARY AND SHORT STATEMENT OF THE MATTERS INVOLVED.

The patent in suit, No. 1,825,598 (Vol. II, p. 467) was granted to the respondent on September 29, 1931, on an application of Vogt, Massolle and Engl, filed March 29, 1922 (Vol. II, p. 475). It relates to a "Process for producing combined sound and picture films". On November 19, 1931, the Bill of Complaint (Vol. I, p. 1) was filed against the petitioner, a producer of talking motion pictures. A disclaimer was filed before trial (Vol. II, p. 472). The suit was defended by Electrical Research Products, Inc., a wholly owned subsidiary of the Western Electric Company (Vol. I, p. 460).

The claims in suit were held invalid by the District Court (Vol. III, p. 1209). In the Circuit Court of Appeals, the decree was reversed and the patent held valid and infringed. Swan, J., dissented without opinion. Petition for rehearing was denied July 2, 1934 (Vol. III, p. 1273).

The court below found, among other things, that the problem solved by the patent in suit was the bringing

together, on one positive film, of the picture record, which requires one type of development, and the sound record, which requires a different type of development (Vol. III, p. 1225, Opinions, p. 30); that its accomplishment marked an important advance in the art (Vol. III, p. 1226, Opinions, p. 30); that by the invention in suit a product in the form of a single positive film is produced bearing the sound and picture records side by side, in fixed synchronism, each being as perfect as the arts of photography and telephony can make it and neither being compromised in quality by reason of the presence of the other, as had been the case in the prior suggestions of the art for single film, and that this new positive film is different in function and result from positives produced by the single film system (Vol. III, p. 1227, Opinions, pp. 31-32). The court found that the prior patents in the sound-on-film art, issued over a period of sixteen years before the filing of the application for the patent in suit, were but paper patents and did not anticipate (Vol. III, p. 1229, Opinions, p. 34) and that they related in general to one or other of two proposals:

> First, the single film system wherein both the picture and the sound record were to be made on the same negative, subjected to the same developing treatment and printed from that single negative onto a single positive, the product being of inferior quality because no single developing treatment is appropriate to both sound and pictures, and
>
> Second, the double film system wherein the sound record and picture record were to be made on separate negatives, separately developed and separately printed on separate positives, the double film product being necessarily cumbersome and impracticable because it did not permit the use of a single or unitary positive print (Vol. III, pp. 1226-1227).

In addition the court found that, during the period between the filing of the application (March 29, 1922, Vol. II, p. 425), and its exhibition by Engl, one of the inventors, to the Western Electric Company engineers in December, 1926 and early 1927 (Vol. I, pp. 109, 328, 415-416), the engineers of that company and others were struggling with the problem of sound-on-film; that failing to solve the *film* problem presented by the requirement of different treatment in the development of sound and picture negatives, they turned to sound-on-disc, which became successful; and that after the process of the patent in suit had been disclosed to and tested by the Western Electric Company's engineers, they used it and it superseded sound-on-disc (Vol. III, p. 1226, Opinions, pp. 30, 31). The Court found on the facts of record that no practical sound film had been made prior to that produced by the process of the patent in suit (Vol. III, p. 1226, Opinions, p. 31) and that the inventors achieved a new result by combining steps of the double film system and steps of the single film system, which result has been effective and enduring and has become the standard practice in the industry (Vol. III, p. 1227, Opinions, p. 32).

As to the Bullis, Craig and Greensfelder patents stressed by petitioner, the court below found that they had all been cited and overcome in the Patent Office; that Craig is wholly inoperative and that Greensfelder has no sound negative at all and does not deal with the talking picture problem, but only with scoring arbitrary marks on a previously taken picture; that it does not present the problems solved by the patentees and is directed to a method to escape from the problems of photographically recording natural sounds accompanying the pictures (Vol. III, pp. 1229-1230, Opinions, pp. 34 and 35).

The petitioner argues that the findings of the court below were wrong as to certain of the prior patents and as to whether invention was involved over those patents. The same arguments were fully presented and resolved against the petitioner in the court below.

BRIEF COMMENT ON THE GROUNDS RELIED UPON BY THE PETITIONER IN SEEKING THE WRIT.

1. FOR ITS FIRST GROUND, petitioner argues that this case, in which the court below, one judge dissenting, has reversed the District Court,[1] is one of "very great industrial and public importance, involving an attempt to dominate one of the largest industries of the country which affects millions of people."

There is no basis in the record for the assertions quoted. The case concerns only those who use or contribute to the use of the *process*—a small group of companies. It is no reason for the intervention of this Court that the patent happens to be used by motion picture producers who supply film to a large industry and of course they may use their licensor's sound-on-disc system.

The decision below raises no question of importance within the terms of Rule 38, sec. 5(b) of this Court. The test of importance justifying the writ within the terms of the rule relates to the law and not to the parties or the interests involved.

2. FOR ITS SECOND GROUND, petitioner contends that the court below "has adopted a much lower standard of invention than is laid down in the decisions of this Court, citing *DeForest Radio Co.* v. *General Electric Co.*, 283 U. S. 664.

The question whether a patent involves invention is one of fact. *Thomson Co.* v. *Ford Motor Co.*, 265 U. S. 445;

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[1]The situation here is obviously unlike that presented in *Radio Corporation of America, et al.*, v. *Radio Engineering Laboratories, Inc.* (No. 619—October Term, 1933, decided in this Court May 21, 1934), where the decision of the Circuit Court of Appeals was apparently in direct conflict on precisely the same evidence with the earlier decision of this Court in *Westinghouse Electric & Manufacturing Co.* v. *DeForest Radio Telephone & Telegraph Co.*, 278 U. S. 562.

Concrete Appliances Co. v. *Gomery*, 269 U. S. 177, 180. It has been weighed by the Circuit Court of Appeals in the light of the decision of the District Court and it has been decided against the contention of the petitioner upon a careful review of the evidence.

There is no conflict between the standard of invention applied by the court below and that applied by this Court in *DeForest Radio Co.* v. *General Electric Co., supra.* The difference is one of facts. There this Court held that even so simple an improvement as could be brought about by reducing the pressure in the well known low vacuum tube might still be invention (283 U. S. 664, 678), but it found as a fact that the prior art included knowledge and practice of reduced pressure in just such vacuum tubes, and held that the evidence showed that Langmuir's improvement was obvious.

Here, by contrast, the court below has found an essentially different state of facts. It said (Vol. II, p. 1226, Opinions, p. 30):

> "Makers of talking motion pictures, including the Western Electric Co. and its associates, during the period following the application for this patent tried, but until the inventors exhibited this process, accomplished little with the development of sound on film. While all apparatus necessary to practice the present invention was at hand and owned by the Western Electric Co. and its affiliates, no one solved the film problem presented by the requirement of different treatment for sound and picture records."

The court below further found that it was not until the appearance of the invention at bar that the film problem was solved (Vol. III, p. 1226, Opinions, p. 31).

Upon this finding of facts there is no conflict with the decision in *DeForest Radio Co.* v. *General Electric Co., supra,* or with any other decision of this Court. What

the petitioner seeks is a review of the facts found against it in the lower court. There is nothing in the argument presented to merit a review by this Court.

3. FOR ITS THIRD GROUND, petitioner argues "that a valid process patent cannot be based on the application of an old process to a new subject, with no change in the manner of application, and no result substantially distinct in its nature", contending that upon this point the decision below is in conflict with the decisions of this Court in *Brown* v. *Piper,* 91 U. S. 37; *Penn. Railroad* v. *Locomotive Truck Co.,* 110 U. S. 490; *Dreyfus* v. *Searle,* 124 U. S. 60.

The rule relied upon by the petitioner has no bearing upon the case at bar because the process here in suit involves, as the findings in the court below disclose, a *substantial change in the manner of application and a new result, distinct in its nature, from anything in the prior art.* The opinion of the court below includes the following (Vol. III, p. 1227, Opinions, p. 32):

> "The new process permits both the sound record and the picture record on the positive film to be as perfect as the arts of photography and telephony can make them and neither is compromised in quality by reason of the presence of the other, as was the case in single film systems." * * * "While it might be said that superficially the positives so produced are similar to the positives produced by the single film system, still the function and effect is different and in the practical art that difference has been demonstrated. *Combining steps of the double film system and steps of the single film system, the inventors have made a combination, and a process for achieving a new result which has been effective and enduring and has become the standard practice in the industry.*
>
> "The practical importance and achievement of the invention lies in its product—a one piece positive film

having side by side in fixed synchronism on one face picture sequences and sound sequences, each having been recorded simultaneously on separate negatives and developed separately according to its own requirements." (Emphasis ours.)

These facts having been found in the court below, its decision is clearly not in conflict with the cases cited nor with the decision of this Court, in *Concrete Appliances Co.* v. *Gomery*, 269 U. S. 177, also relied upon by the petitioner to establish a conflict.

In the *Penn. Railroad* case the invention claimed involved merely the taking of a particular type of truck long in use under railway cars, and placing it under a locomotive engine. This Court found that the use of the truck under the locomotive was neither a new use nor did it produce a new result or effect.

In *Brown* v. *Piper* the invention involved the application of a well known method of refrigeration used for ice cream, corpses, etc., to the preservation of fish, where no new result or effect was accomplished.

In *Dreyfus* v. *Searle* the patent involved the application of artificial heat to the inside of a barrel of wine to age the wine, when it was old to apply artificial heat for the same purpose to the outside; and this Court found that no different effect or result was accomplished.

In *Concrete Appliance Co.* v. *Gomery, supra,* the patent claimed apparatus for conveying wet concrete in building construction when similar apparatus had previously been used for conveying grain, coal, crushed stone, dry concrete and other mobile substances. The court held that the question of invention is one of fact dependent upon consideration of the state of the prior art as applied to the particular device (p. 180).

The rule of decision applied in these cases and settled by many decisions of this Court, is best stated in the *Penn. Railroad Case,* as follows (p. 494):

> "It is settled by many decisions of this court, which it is unnecessary to quote from or refer to in detail, that the application of an old process or machine to a similar or analogous subject, with no change in the manner of application, and no result substantially distinct in its nature, will not sustain a patent, even if the new form of result has not before been contemplated."

The process in suit, being novel both in the manner of its application and in its result, clearly falls within the saving exception and not within the condemnation of the rule quoted above.

4. FOR ITS FOURTH GROUND, petitioner argues that Claims 8 and 9 are broader than the invention disclosed in the original application and that by their insertion the application was unlawfully expanded during its pendency in the Patent Office to cover the intervening commercial art, contending that the decision below is in conflict with the decisions of this Court in *Railway Co.* v. *Sayles,* 97 U. S. 554 and *Pattee Plow Co.* v. *Kingman,* 129 U. S. 294.

The court below held that claims 8 and 9 were justified by the original disclosure (Vol. III, p. 1231, Opinions, p. 36). And it is only literally true (as asserted in the Petition and Brief, pp. 26 and 28) that those claims were inserted in the application in 1931, for claims were asserted in the application by amendment in 1925 (see Claims 3 and 4, Vol. II, p. 499) which are as broad in scope as Claims 8 and 9 in suit (Vol. II, p. 469). This amendment antedated any adverse rights.

The court below said on this subject (Vol. III, p. 1231):

> "After March 31, 1925, claims corresponding in scope to claims 8 and 9 in suit were asserted in the application. There were no intervening rights of any

> sort established by the appellee or by the public in the interval between November 25, 1922 and March 31, 1925, nor was there any unreasonable delay on the part of the applicants in *reasserting their invention in the broad scope justified by the original disclosure.*" (Emphasis ours.)

The decisions of this Court cited by petitioner are clearly distinguishable.

In the *Railway* case it appeared that the original application, rejected as defective and insufficient, lay dormant and unaltered in the Patent Office for five years, during which time defendants' machines were put out, and that thereafter new drawings and specifications were filed disclosing a new apparatus different in construction and operation from the original. This Court refused to give to this new construction the benefit of the date of the original application.

The *Plow* case involved a reissue patent filed more than two years after the application for the original patent. This Court found that the reissue claim sued on was broader than the original claim and held the patent invalid on that ground, under the well established rule that a patent cannot be broadened by a reissue after two years in the absence of exceptional circumstances excusing the delay.

Neither of these decisions is applicable to the fact situation found in the case at bar. On the contrary, the decision is controlled by *Hobbs* v. *Beach*, 180 U. S. 383, 395-397, where this Court distinguished the *Railway* case and expressly approved the broadening of claims within the original disclosure in the absence of intervening rights. This is such a case and the decision below is not in conflict on this point with the applicable decisions of this Court.

Even when implication from the specifications of the original application is necessary to support the new claims, this Court will sustain such claims provided they have not

been expanded beyond what may be reasonably implied from the original disclosure. *Abercrombie & Fitch* v. *Baldwin,* 245 U. S. 198, 206-207.

5. FOR ITS FIFTH GROUND, petitioner attacks the decision herein sustaining the disclaimer as in conflict with the decision of the Circuit Court of Appeals for the Sixth Circuit in *Fruehauf Trailer Co.* v. *Highway Trailer Co.,* 67 Fed. (2d) 558.

There is no conflict. The disclaimer in the case at bar is entirely different in character from that condemned in the *Fruehauf* case and is of a character often approved by this Court. *Hurlbut* v. *Schillinger,* 130 U. S. 456; *Carnegie Steel Co.* v. *Cambria Iron Works,* 185 U. S. 403; *Minerals Separation* v. *Butte & Superior,* 250 U. S. 336.

Here the petitioner asserts that separate development is "the gist of the original disclosure" (Petition and Brief, p. 28), and then complains that the disclaimer inserts that step into claims 6 and 7 (Petition and Brief, p. 31). The disclaimer in suit is expressly limiting and not broadening in its effect (Vol. II, p. 473); the limitation is fully disclosed in the application for the patent as filed (Vol. II, pp. 479-480); it is admittedly consistent with the teachings of the patent (Vol. II, p. 468); it limits the claims to which it relates to particular forms of the process covered by the original specification.

In *Straus* v. *Crane,* 235 Fed. 126 (C. C. A. 2nd), Judge Learned Hand stated: "We do not mean to suggest that a disclaimer may not add a new element to the combination, thereby limiting it to a part only of what was covered by the specifications. That was the effect of the disclaimer in *Carnegie Steel Co.* v. *Cambria Iron Works,* 185 U. S. 403." The disclaimer sustained by this Court in *Hurlbut* v. *Schillinger,* 130 U. S. 456, had the same effect of limiting the claim to a part only of what was covered by the specifications. In that case the limitation was accomplished by adding a new element to the combination, i. e., the tar

paper or other material between the blocks of concrete (see p. 463).

There was no attempt in the case at bar by merely filing a paper to make a new patent, or one for a different invention from that shown and described in the specification and drawings of the patent. That is what was attempted in *Hailes* v. *Albany Stove Co.*, 123 U. S. 582, as the Court stated at page 587. In that case it was also held:

> "The first claim as modified by the disclaimer has nothing in the specification to stand upon, nothing to explain it, nothing to furnish a reason for it."

Fruehauf Trailer Co. v. *Highway Trailer Co.*, 67 F. (2d) 558 (C. C. A. 6th), involved a set of facts similar to those in the *Hailes* case. The court held that the disclaimer did not limit the combination already claimed but expanded it to cover structures upon which it could not before have been read, and in effect claimed a new and a different combination by the addition of a structural feature which was not disclosed or expressly referred to in the patent. With respect to one of the disclaimers it appears from the opinion of the trial judge, 54 Fed. (2d) 691, that the apparatus claimed in the patent was concededly inoperative, and that the effect of the disclaimer was to add to the invention operative features which were not disclosed at all in the patent, which were not only not thought of by the patentee but were contrary to the instruction of his patent. With respect to the other disclaimer the same situation appeared, because the original claim was directed entirely to a trailer—not a tractor—and contained no reference to a tractor but the disclaimer introduced the tractor—a different machine—making a new claim out of the original—a claim for the combination of a trailer and tractor, see 54 Fed. (2d) 705.

When the opinion in the *Trailer* case is read in the light of the facts there existing, there is no conflict of decisions.

6. FOR ITS SIXTH GROUND, petitioner asserts that the decision below is in conflict with the decision of this Court in *Haughey* v. *Lee*, 151 U. S. 282. The point is without merit.

This Court in the cited case held that one who has sought a patent for a certain invention is not estopped to deny its patentability.

But the court below did not decide that the petitioner is estopped; nor did it rest its decision as to validity on estoppel. It pointed to the formal assertion of patentability of the subject matter by the Western Electric Company scientist, Dr. Wente, as a denial of the contrary argument of the Western Electric attorneys (Vol. III, p. 1228, Opinions, p. 33); and then it proceeded to examine the prior art item by item and to determine the question of validity on the merits (Vol. III, pp. 1229, 1230, Opinions, pp. 34, 35).

7. FOR ITS SEVENTH GROUND, petitioner argues that the question whether the prior French patent to the same inventors "is or is not for the same invention as the United States patent" in suit raises an important question of law which should be settled by this Court.

Petitioner's argument raises no question of law at all, but simply one of fact. *Leeds & Catlin* v. *Victor Talking Machine Co.*, 213 U. S. 301, 322-323. The applicable rule of law has been definitely settled by this Court in *Leeds & Catlin Co.* v. *Victor Talking Machine Co., supra,* and *Fire Ball Gas Tank & Ill. Co.* v. *Commercial Acetylene Co.,* 239 U. S. 156. Those cases establish the rule that forfeiture under R. S., 4887, depends upon the identity of invention claimed in the two patents; that claims are independent inventions; that a process claim is a distinct invention from an apparatus claim, and that although certain elements may be common to the claims of both patents this does not establish their identity.

Applying these rules, the court below said (Vol. III, p. 1232, Opinions, pp. 37, 38):

> "The question becomes one of identity between them. There is no such identity here. The French patent is for a photo-phonetic film, namely, an apparatus or product claim, which cannot be identical with or fatal to a process claim. *Leeds & Catlin* v. *Victor Talking Machine Co., supra; Fireball Gas Tank & Illuminating Co.* v. *Commercial Acetylene Co.*, 239 U. S. 156. The French patent is essentially a proposal for escaping from the difficulties of recording natural sounds accompanying the action. The significance of the independent recording of concomitant sounds is apparent from the language of the specification. Nowhere in the French claims or specification is there a suggestion of the characteristic feature of separate and independent development of the negatives to compensate for different exposure in recording."

In view of the decisions in the *Victor Talking Machine case, supra*, and the *Fireball Gas Tank case, supra*, the earlier decision in *Seeman* v. *Sellers*, 123 U. S. 276, cannot be read in qualification of the rules so clearly laid down in the later decisions of this Court which expressly limit the decision in *Seeman* v. *Sellers* to the facts that were under consideration in that case, which disclosed identity of invention.

CONCLUSION.

The decision below is correct. It is in accord with the applicable decisions of this Court and is not in conflict with the decision of any other Circuit Court of Appeals. The questions presented involve the application of well settled rules of law to facts peculiar to this case, are not of general importance and are not worthy of review in this Court.

Respectfully submitted,

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September, 1934.